

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6315
BILL NUMBER: SB 242

NOTE PREPARED: Jan 2, 2008
BILL AMENDED:

SUBJECT: Tax Delinquent Properties.

FIRST AUTHOR: Sen. Arnold
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that a county may transfer real property for which the county holds a tax deed to an abutting landowner for no consideration or nominal consideration. It provides that a political subdivision that acquires real property from a county at a time when the county holds a tax deed for the real property may also transfer the real property to an abutting landowner for no consideration or nominal consideration. It also provides for notice to all abutting landowners before a county or other political subdivision initiates negotiations for sale or transfer of the real property.

Effective Date: July 1, 2008.

Explanation of State Expenditures:

Explanation of State Revenues: The state levies a small tax rate on property for State Fair and State Forestry. The addition of formerly delinquent property to the tax base would increase the amount received from this tax.

Explanation of Local Expenditures:

Explanation of Local Revenues: Under current law, political subdivisions are authorized to dispose of delinquent property acquired because of a tax default by a property owner. The property has to be first appraised by two professional, licensed appraisers, after which a notice of the proposed sale is published. The sale may last up to 60 days. The sale may also be advertised through an auctioneer. This bill authorizes a political subdivision to sell or transfer property acquired by tax default to an abutting landowner (i.e., a landowner whose property directly borders the property to be sold) for a nominal price or at no cost. If more than one abutting landowner wishes to acquire the property, the property would be sold to the highest bidder.

All abutting landowners will be notified of the upcoming sale (including the fact that the property can be acquired for a nominal price or at no cost); each will also be notified of the highest bid and given an opportunity to resubmit their bid.

Under this provision, some land may be transferred to new property owners for only a nominal fee. On the other hand, this could potentially increase the amount of AV in the tax base. This addition to the tax base could help spread the property tax burden and could possibly reduce some tax rates. The impact would depend on the value of the property. Generally speaking, the addition of AV to the tax base provides a tax shift from existing property owners to the new property owners by spreading the tax levy over a larger tax base. There would be no effect on the AV of existing property.

State Agencies Affected: State Fair, Department of Natural Resources.

Local Agencies Affected: All local governing units.

Information Sources:

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